

The Benefits and Challenges of Documenting Desired Ethical Behaviour within the Workplace

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Abstract: In the 21st century, global business has emerged as a powerful and foremost driver of economic growth. Business supply mass demand for both consumer and industrial goods and services. The last few decades have also witnessed an increasingly rapid rush for greater productivity and profitability unparalleled with any other time in history. The main metric of measuring business performance is thus profit. However, in this day and age, business ethics has been sidelined by many businesses owners and their employees. For many businesses, the ends justify the means, and unethical practices are often looked upon as merely a business decision that needs to be made to meet sales targets or achieve organisational results. Thus for many ethics is overlooked on a daily basis in favour of other worldly ideals. The practice of business documentation may however hold a key to reviving ethical business practice. With an increasingly rapid trend towards documentation and Quality Assurance in the business world, the development of a document pertaining to ethical business practice might just be a feasible solution to introducing business ethics as an important metric of performance in line with productivity. However, in order for this to be achieved, the business organisation must carefully avoid the challenging obstacles the might hamper their attempts to develop an ethics charter for their organisation. However, if they are successful, the rewards might greatly outweigh the costs.

Keywords: economic growth, global business, productivity, profitability

INTRODUCTION

Documentation of business functions is an increasingly popular trend in Bangladesh. These vary from areas such as financial transactions to quality assurance practices. However, business ethics is an area which has not received proper attention in recent times. The idea of business ethics as being a function by itself has evaded businesses. Business ethics may be an ambiguous concept for many businesses. People working within the workplace are almost faced with decision making requirements every day that challenge their concept of business ethics. The individuals working at a managerial level, or any other decision making role, are the ones who need to be the most aware of business ethics, as their decision making influences not only the people inside the organisation, but also customers and suppliers outside the organisation.

The problem arises due to many factors, not least of which is the fact that business ethics means different things to different people. People's idea of what constitutes ethical business behaviour and what does not constitute ethical business behaviour may be influenced by a number of factors such as their previous experiences at different workplaces, their cultural background, their personal ethical codes of conduct which they believe in, the ethical codes of conduct that

one perceives to be desirable at his or her the workplace, and many other factors.

Before the challenges and benefits of documenting business ethics may be discussed, it is extremely important to discuss the scope of business ethics in the workplace and how an all-encompassing understanding of business ethics may be derived. Business ethics may be defined as the "study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities," Business Ethics (n.d.) [1].

According to the report by Browne (n.d.) [2], the majority of the definitions of business ethics revolve around the application of a moral code to decision making and business operations. According to the report, business ethics fully involves recognizing that there is a right and a wrong in business, just as it is with a business person's personal life. According to the report from Hooker [3] of Carnegie Mellon University, it has been suggested that business ethics invariably involves asking the question "How can one do good by doing well?" Conceptualizing business ethics starts with the idea that owners/managers desire to do something good on both the personal and community level and determine how to accomplish good through a business.

The vast nature of these issues means that business ethics is a subject that encompasses most, and not only a single or few, business practices. Lawful business practices are often defined by the legal system in almost all countries. However, these alone seldom constitute the gist of business ethics. According to the Institute of Business Ethics, it is important to assure that the scope of business ethics goes beyond and above simply legal compliance. According to the Institute of Business Ethics, by definition, business ethics should begin where the scope of the law ends. “It involves discretionary decision making and relies mainly on individual responsibility and voluntary commitment,” Business Ethics Briefing [4].

Hence, as the above mentioned recommendation from the Institute of Business Ethics notes, business ethics is mainly dependent on the moral compass of the individual, and not any system. However, the problem is that individual decisions have a significant impact on the organisational environment as a whole, and may even go as far as impacting suppliers, customers and other stakeholders. Loped

(n.d.) [5]. Reflected the same opinion when she stated that ethics meant different ideas to different individuals, but that it usually came down to a simple understanding of “societal right and wrong.” She further stated that within the business context, business ethics meant producing decisions that aligned with “that sense of right and wrong, as well as with the law.”

The Institute of Business Ethics has stated that a strong ‘ethics function’ within a business organisation will ensure that compliance with the law is simply not the ceiling when it comes to ethics. The Institute of Business Ethics has put forward a three part framework that encompasses in whole the ‘business ethics function.’ The framework has identified the following three broad areas of responsibility in business ethics:

- General Responsibilities
- Code and Policy Responsibilities
- Management Responsibilities

The following diagram, Figure 1, highlights the scope of these business functions.

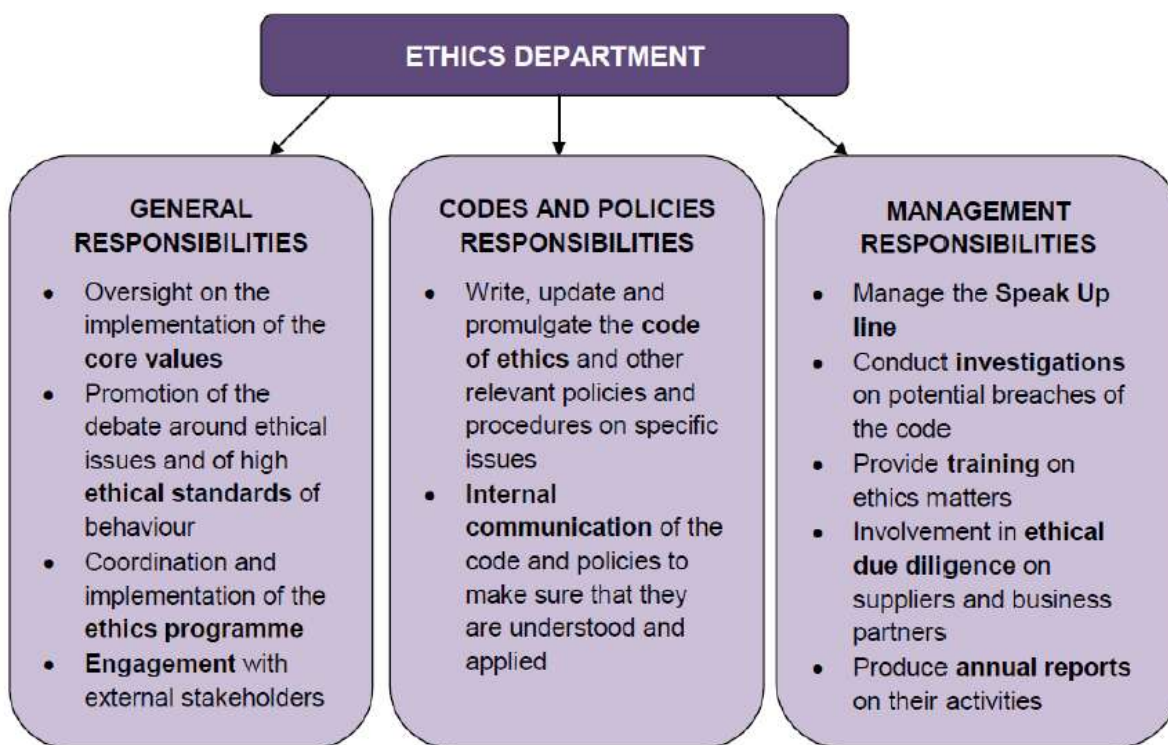


Fig-1: Responsibilities of the Ethics Function, Source: Business Ethics Briefing (2016).

REVIEW OF LITERATURE

According to Fountain [6], the term “ETHICS” can be dissected into multiple constituents in order to assess the concept of business ethics as a whole and to understand which parts are working well within the business organization and where there is room for improvement. Accordingly, the ethics has been segregated into the following:

- E: Everyone is Responsible
- T: Tone at the Top is Responsible
- H: Honesty is still the best policy
- I: Integrity can be a measure of ethics
- C: Corporate responsibility and communication must be prevalent
- S: Silence is not acceptable

This framework provides a simple easy to understand tool to assess organisational ethics and also help to develop any organisational handbook or ethics programmes.

As per the report from the American Society for Association Executives, ASAE, Center for Association Leadership, an increasing number of organizations are realizing that ethical training has become an integral constituent of their business, Joseph [7]. According to the report, business owners can potentially stave-off ethics related problems associated with employee behavior from hampering business activities by “drafting a clear, attorney-reviewed set of standards that dictate behavior policies for employees at all levels.” The report also states that employees and business owners must additionally take into account the ethical issues involved when it comes to dealing with their suppliers and customers. Lastly, the report also mentioned that business owners must particularly consider on an ethical basis, whether to do business with suppliers who have unethical practices, Joseph [7].

Donaldson and Fafaliou [8] have stated that the success of modern business is apparent, but that however there has been much concern in the “business and society literature and in the general press on whether business fulfils its social role responsibly.” According to the report, entities such as business ethics, corporate social responsibility (CSR) and corporate governance movements have been developed in recent decades as responses to a growing sense of corporate wrongdoing.

According to Groenewald and Donde [9], in their report titled the Ethics and Compliance Handbook for ‘The Ethics Institute’ and the ‘Institute of Business Ethics,’ ethics and compliance practitioners represent a relatively young set of professionals who are maturing in their scope and activities every day. The report states that this profession and business function has gained a lot of attention because organisations have come to realize that addressing ethics risk, in addition to addressing compliance risk is conducive to achieving long term growth for their business organisations. The report states that in the last half of the twentieth century there has been a “professionalization of organisational ethics,” and that organisations have produced ethics jobs related roles and positions within their ranks to oversee and manage their new ethics and compliance programmes.

Benefits of Documenting Desirable Business Ethics

Documentation is a phenomenon that is increasingly popular amongst businesses in Bangladesh. Documentation of business processes results in a professional pursuit of said business processes within the workplace. Documentation results in a written work

flow that has been agreed upon by the members of the management, and decreed upon as the standard procedure for performing a task. Documentation also aids in supporting Quality Assurance (QA) systems as well as ISO certification.

Whilst an ethics handbook is a totally new phenomenon for many or most organisations, especially for Bangladesh, there are certain components of ethical business that have already been enshrined in documented practice; most commonly anti-discrimination laws pertaining to hiring and firing of employees. However, other components such as whistleblowing, employee intimidation and harassment, workplace conditions, overtime pay, maternity and paternity assistance and many other issues have not been properly documented in most Bangladeshi business organisations.

The ideal forum for initiating such practices has also not been decided, as no formal business ethics organisation exists within the workplace as such, neither does any dedicated government body. Ethics and compliance programmes are known to most middle and large business employers, however, there is no implementation due to a lack of management effort, hesitation to change already existing norms, and fear of adverse results from ethics and compliance programmes. Additionally, there are businesses who do not wish to have any dedicated ethics and compliance programmes, and simply feel that they are better off with making ad-hoc decisions regarding ethics as and when they come based on their personal judgement and discrimination on a case by case basis. However, this form of activity results in biased actions and decisions based on the person being judged or complained against. There is no set standard to which to compare against. Additionally, under these circumstances employees do not know what they have to do to be labelled as right, and what is actually right. Employees will simply have to, more often than not, fall back on their perception on what is considered right in the organisation, as opposed to what is actually right and ethical behaviour.

Additionally, the segregation between ethics and compliance is one that has not been properly distinguished against in many organisations, not only Bangladeshi. This is due to the fact that most organisations have failed to recognize that ethics starts where compliance stops. The scope of ethics is more subtle and does not lend itself as practically to documentation as does compliance issues. Additionally, there are other issues, namely the fact that many organisations have not documented compliance programmes itself. As a result, the documentation of ethics programmes and issues has been often sidelined by business management. This results in a situation where lack of ethical activity results in

compliance failures. Documentation of ethical programmes will allow the following benefits for business organisations and stakeholders:

- *Standardized business ethics practice:* The documentation of business ethics is a win-win for all parties involved both within and outside the business because it enables everyone to know what is considered ethical practice and what is not. It enables disparate actions by different individuals to be measured using one single document and standard. As a result, this will reduce the cases of confusion and unambiguity when it comes to business decision making. Additionally, organisational members will not be able to produce the excuse of ignorance as a reason for their unethical behaviour, as everything has already been documented and publicized to all organisational members.
- *Everyone knows what is expected of them in terms of ethical decision making:* Performance measurement will also become more streamlined, as everyone will know what kind of ethical ramifications are included in any measurement of their overall performance within the organisation.
- *Set standard that can be used for arbitration and judgement after incidents:* Once there is a standardized and documented ethical charter in place within the organisation, it will serve as one of the most important tools for disciplinary and ethical hearings against individuals who have engaged in any unethical or otherwise activities as part of their professional responsibilities within the scope of the organisation. It will allow an impartial standard against which to interpret actions.
- *Comprehensive fit with the organisation's ISO framework:* The ethics charter will be an important addition to the organisations future pursuit for ISO certification. Having a ready ethic charter removes many of the difficulties any organisation faces during ISO certification, as developing an ethics charter is a time consuming process that becomes even more complicating during the whole ISO certification process.
- *Documented ethical procedures for interactions with suppliers; thereby increasing the transparency for procurement and supplier collaboration:* Documented ethics charter will enable a more transparent functioning of such practices as procurement. Additionally, supplier collaboration becomes more transparent, as the organisation's position on kickbacks, backdoor payments, etc. will be clearly spelled out. This makes all employees within the organisation aware of the exact scope of relations that are allowed with suppliers in their professional capacity. Additionally, documentation of ethics will also make them aware of any clear violations of the ethics charter that may already have or are inadvertently about to do through their decisions or actions.
- *Documented ethical procedures for interactions with customers; thereby increasing customer satisfaction and increasing customer trust towards the organisation:* The documentation of ethics will also make sure that organisational employees know what the ethical boundaries are that restricts their actions as they pertain to their customers. This means that organisations will have a clear understanding of their obligations to product quality and customer satisfaction. A strong code of ethics in favour of the customer can be a powerful tool for any organisation to self-regulate their commitment to their customers. The organisations stance on issues such as false advertising promises and declarations, use of faulty products, use of sub-standard ingredients, use of harmful substances, use of illegal methods and practices, etc. will be made very clear in the ethics charter. All of these measures will be there to protect the customer from scandalous business practices.
- *Opportunity to address and tie in ethical concerns with environmental concerns:* The issue of environmental degradation is a phenomenon that plagues almost all business organisations. The scramble for mass production and subsequent mass consumption means that globally there is a pollution epidemic. Organisations are many a times for taking business decisions, such as dumping of waste, wasteful use of natural resources, or waste of electricity, that ultimately harm the natural balance of the ecosystem. A documented ethics charter will enable the organisations stance of the environment to be made very clear through explicit ethics clauses on ethical treatment of Mother Nature.
- *Documented ethics practices will give more attention to ethics as an important function, and give it recognition as a legitimate business concern, parallel with profitability and productivity:* Documenting ethics will go a long way to enable businesses to recognise that business ethics as a very important metric that is almost as important as productivity and profitability. The attention that a documented ethics charter will receive from the organisation's employees will have a psychological effect on the minds of all

employees within the organisation. This will hopefully highlight the importance of business ethics as a time when corporate malpractice, private sector corruption, and fraud against the customer's interests seems to be increasingly common.

Challenges with Documenting Desirable Business Ethics

- *Lack of management momentum:* Management may have the tendency to not be up to developing a new ethics programme. This might be due to other work load, a lack of interest or simply an inability to see the benefits in developing a system for ethics. This may be one of the most common challenges when an organisation is deciding to develop an ethics program.
- *Management hesitance with implementing new ethics programmes that might challenge organisational norms:* Management might decide to move against developing an ethics programme for exactly the reason of not wanting to change norms existing within the organisation. A new document on ethics might seem too rapid and aggressive and management might fear that this form of aggressive change might influence the attitudes of employees overnight, a change that might be detrimental to the business's HR objectives.
- *Lack of investment, as documenting programmes costs time, and most probably, investment into consultants:* Management might decide that investing in an ethics programme might be too expensive when compared to the potential benefits, which management might even consider to be diminutive. Management might feel that these programmes might only be necessitated by those organisations who are large and have healthy bank balances to finance these initiatives. Or management may use this excuse to put off developing an ethics document.
- *A failure to agree on what constitutes desirable ethical behaviour; lack of consensus:* Individuals charged with developing the ethical standards for the organisation might instantly start disagreeing on what constitutes business ethics, what should be within the purview of the document, what shall be the objectives of the document and what shall be discussed with employees before drafting. Additionally, there is the scope for disagreement on every single clause of the document. This is due to the fact that ethics are a very subjective and personal issue amongst

many. Individual concepts on ethics are as diverging as their personalities and are shaped through life experiences. They are very different from person and person and that is exactly why there is a chance for quarrels and disruptive disagreement. This form of disagreement will also increase the amount of time it takes to develop such a document and delay its overall introduction and implementation. Velasquez et al. [10] discussed the following five approaches to establishing ethical standards at the workplace.

- **The Utilitarian Approach**

This approach to establishing ethical standards works by ensuring the greatest good for the greatest number of people. At the same time the negative consequences are limited to the minimum number of people. The utilitarian approach is concerned with consequences, and the crux of the matter is based on the maximum good consequences for the maximum number of people. It is a given that some people will not be benefitted under this approach, as the majority get to have their way. Right or wrong is not the main factor under this approach. This majority constitutes all the stakeholders, namely the company's own employees, suppliers, customers and the government, amongst others.

- **The Rights Approach**

Under the rights approach, the main factor to consider is the rights of those affected by an adverse situation. Under this approach, the rights of the affected persons to choose their fate, decide their preferred way to live their life, and to be treated justly as human beings are considered as priorities. People are not to be treated as simply means to justify other ends, such as profits. In this scenario, the will of the majority is not important, but rather, the upholding of what is morally right is preferred above all else.

- **The Fairness or Justice Approach**

Under this approach to defining business ethics, people are all judged equally, or if that is not possible, then at least equitably. This means that there will be an attempt for dividing rights and privileges equally amongst all members of the business organisation. However, if that is not possible, one's contribution to the overall team effort or group effort is used to judge

someone, and to decide what is fair or not, using a standard performance criteria or factor. This form of approach is used when it is time to pay bonuses or decide on the amount of salaries for individuals based on their effort or contribution to the team.

- **The Common Good Approach**

Under this approach, the community as a whole is looked upon as the ultimate guarantor of rights for individuals. In this sense, the relationships in a society or community, in our case a business organisation, should involve everyone caring and looking over each other. Compassion is identified as important for maintaining interrelationships amongst community members. Additionally, it is stated that the community must have common services that are available to all of its members, such as a clean environment and essential services required for effective operating within the workplace.

- **The Virtue Approach**

The virtue approach is concerned with everything that is morally right and virtuous. Integrity and honesty are highlighted above all else in this approach. People must aspire to comply with these lofty virtues and ideals and ask themselves whether particular actions at the workplace make them better human beings or not. Every action and decision must be in compliance with virtues, and this serves as individual check for individual actions and decisions. People are expected to know virtues, adopt them into their lifestyles and act on them in every decision they make.

Which approach to use?

The question of which approach to employ whilst setting or establishing standards at the workplace is a complicated process, for the reasons outlined above. It is not that all people are unethical. The issue is whether all people prescribe to the same form of ethical approach in life. Some employees may believe in a utilitarian approach to ethical standards, where the majority need to be happy. On the other end of the spectrum, high performers might believe in the justice approach, as they would feel that they should have more pay because they performed better and exerted more influence. This would not go well with the others who believe in a utilitarian approach. In the same organisation, others might feel that the virtue approach

is what must be followed by all, where what is right is right, and what is wrong is wrong, and if the majority are wrong, and the minority are right, then so be it. Moreover, there might be some vulnerable individuals who might believe that the rights approach is the ultimate guarantor of their way of life.

- **Management insecurity resulting from a fear of losing control of arbitrations and judgements according to their understanding, as opposed to a document, which is not changeable:** The introduction of any documented ethics programme results in there being a worded and air tight procedure for performing business processes. This results in a somewhat clear understanding of what is right and wrong. As a result of this, the arbitration of disputes between employees and/or analysis of an employee's supposedly wrong actions becomes proceduralized. There is a recommendation in the ethics document which can be consulted to see whether an employee's actions were right or wrong. This might make management feel insecure, as they might lose the ability to judge an employee's actions through their lenses, and not that of the ethics document; something that might be disadvantageous to management when they are trying to pursue a line of investigation or action that is in direct contradiction with their objectives. In this manner, management might see sense in not developing such a document after all, as it may tie their hands in the long term.
- **Failure to adhere to documents after implementation, due to a corporate culture of not strictly following documented procedures:** An additional challenge of documented ethics programmes is that there is no guarantee that the document won't be pulled under a rug and it might never see the light of day. This results in the ethics document never being utilised. This a recurring phenomenon in many offices and organisations. As it happens, many organisations simply develop documented business processes solely for the purpose of satisfying sponsors, getting ISO certification, or purely to meet industry compliance procedures. After documentation is completed, and the original function has been achieved, the documents are locked up until the next round of external assessment.
- **Documented ethics programme not far reaching enough and conveniently leaves out tricky issues such as whistleblowing and other areas:** Documentation of ethics issues might leave out important areas pertaining to ethics that management feels are too sensitive

to be documented. An example might be whistleblowing about unethical activities. These results in the development of an ethics document that leaves out important areas and is therefore incomplete at best. When these problems later manifest within the organisation, the management simply resort to their own interpretation of the incident and completely bypass the ethics document as there is no clause pertaining to the issue.

- **Quarrels over Interpretation:** Ethics documents, if not properly and clearly worded, might result in employees and management wanting to bend its meaning to suit them. This unambiguity from wording can be disastrous as ethics by themselves are subjective. Any unambiguity in wording can easily lead to multiple interpretations of the same clause by different people trying to match their interpretation with their own world view, and what ethics should mean.

Recommendations

The organisation can only win by documenting its preferred ethical stance. However, the process of documentation must be attentive of the following concerns

- Need for inclusiveness of all issues when it comes to ethics. Important issues must not be intentionally overlooked when it comes to writing the ethical charter.
- The organisation must attach teeth to the ethics charter. This means that there must be repercussions for individuals who do not follow the ethical charter and are shown to be in violation of the ethics codes. If this is not done, there will be no incentive to follow ethics in the organisation, and the ethics charter will only be relegated to a showpiece within the organisation.
- The process of developing the charter must be ethical itself. The right people with proper ethical records must be assigned to its editorship. If the ethics charter is developed by unethical people, the result will be less than impressive without a doubt.

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